

# Auditing Procedures Report

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Issued under Public Act 2 of 1968, as amended .

Unit Name	Oneida Charter Township	County	EATON	Type	TOWNSHIP	MuniCode	23-1-110
Opinion Date	Jun 5, 2008	Audit Submitted		Fiscal Year	December 31, 2007		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

**Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".**

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 581,439.00
General Fund Expenditure:	\$ 462,622.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 413,206.00
Governmental Activities Long-Term Debt (see instructions):	\$ 465,054.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Steven	Last Name	Piesko	Ten Digit License Number	1101026796
CPA Street Address	544 Cherbourg Drive	City	Lansing	State	MI
		Zip Code	48917	Telephone	+1 (517) 323-7500
CPA Firm Name	Maner, Costerisan & Ellis	Unit's Street Address	11041 Oneida Road	City	Grand ledge
				Zip Code	48837

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN**

**REPORT ON FINANCIAL STATEMENTS  
(with required supplementary and additional information)**

**YEAR ENDED DECEMBER 31, 2007**

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Dennis D. Theis  
James A. McNeeley  

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Walter P. Maner, Jr. (1921-2004)  
Floyd L. Costerisan  
Leon A. Ellis (1933-1988)

## INDEPENDENT AUDITORS' REPORT

Township Supervisor and  
Members of the Township Board  
Oneida Charter Township  
County of Eaton, Michigan

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of Oneida Charter Township, County of Eaton, Michigan as of and for the year ended December 31, 2007 which collectively comprises the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Oneida Charter Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Oneida Charter Township, County of Eaton, Michigan as of December 31, 2007, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis budgetary comparison information on pages v through x and 15 through 19 are not a required part of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oneida Charter Township's basic financial statements. The additional information presented in pages 21 through 26 is presented for purposes of additional analysis and are not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

June 5, 2008

*Money, Costerisan & Ellis, P.C.*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Oneida Charter Township (Township), we offer readers of the Oneida Charter Township's financial statements this narrative overview and analysis of the financial activities of the Oneida Charter Township for the fiscal year ended December 31, 2007 and 2006.

### FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$1,063,568 (net assets). Of this amount, \$445,151 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$172,386.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$413,206, a increase of \$118,817, in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$413,206, or 89 percent of total general fund expenditures.
- The Township's total debt decreased \$71,162. The key factor in this decrease was the paying down of debt based on the maturity schedules.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and additional information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent personal property taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, economic development, and culture and recreation.

The government-wide financial statements can be found on pages 1 and 2 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for the general fund in the required supplementary information to demonstrate compliance with budgets.

The basic governmental fund financial statements can be found on pages 1 and 2 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 3 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 4 through 13 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Township's general fund budget. Required supplementary information can be found on pages 15 through 19 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Township, assets exceeded liabilities by \$1,063,568 at the close of the most recent fiscal year.

By far the largest portion of the Township's net assets (58 percent) reflects its investment in capital assets (e.g., land, building, machinery, drain usage rights and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Oneida Charter Township's Net Assets

	Governmental activities	
	2007	2006
Current and other assets	\$ 639,353	\$ 469,752
Capital assets	<u>1,083,471</u>	<u>1,115,295</u>
Total assets	<u>1,722,824</u>	<u>1,585,047</u>
Long-term liabilities outstanding	392,248	465,054
Other liabilities	<u>267,008</u>	<u>269,181</u>
Total liabilities	<u>659,256</u>	<u>734,235</u>
Net assets:		
Invested in capital assets, net of related debt	618,417	579,079
Unrestricted	<u>445,151</u>	<u>271,733</u>
Total net assets	<u>\$ 1,063,568</u>	<u>\$ 850,812</u>

The balance of unrestricted net assets (\$445,151 or 42 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in both categories of net assets, for the government as a whole.

The government's net assets increased by \$172,386 during the current fiscal year. The majority of the increase is due to increased tax and cable franchise revenues.



**Governmental activities.** Governmental activities increased the Township's net assets by \$172,386. Key elements of this decrease are as follows:

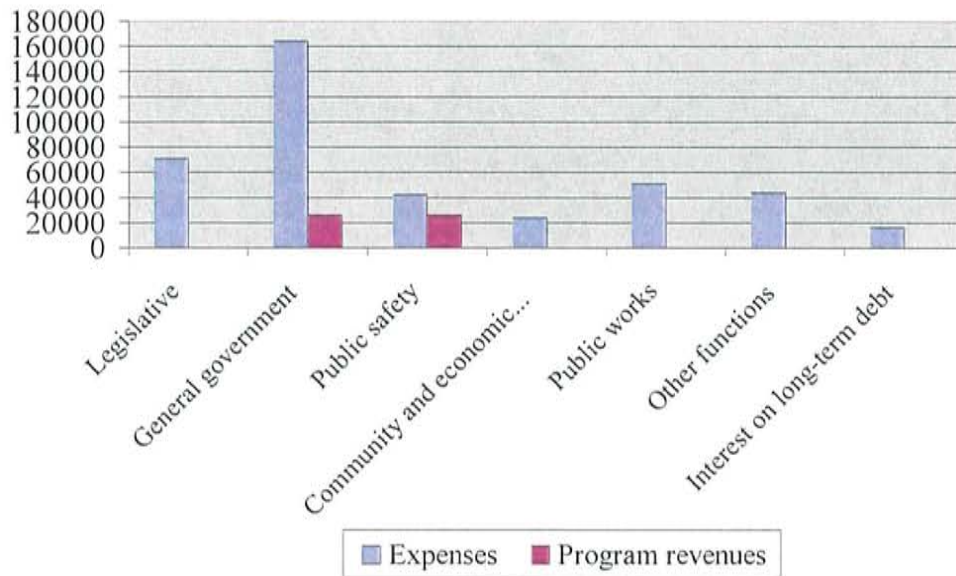
Oneida Charter Township's Changes in Net Assets

	<u>Governmental activities</u>	
	<u>2007</u>	<u>2006</u>
Revenues:		
Program revenues:		
Charges for services	\$ 51,821	\$ 43,486
Property taxes	207,779	190,972
State revenue sharing	254,767	253,833
Interest	13,017	20,822
Miscellaneous	<u>58,157</u>	<u>44,637</u>
Total revenues	<u>585,541</u>	<u>553,750</u>
Expenses:		
Legislative	71,132	294,043
General government	164,183	152,216
Public safety	42,279	37,499
Community and economic development	24,046	22,486
Public works	51,067	78,728
Other functions	43,880	46,025
Interest on long-term debt	<u>16,568</u>	<u>24,989</u>
Total expenses	<u>413,155</u>	<u>655,986</u>
(Decrease) increase in net assets	172,386	(102,236)
Net assets, beginning of year	<u>891,182</u>	<u>993,418</u>
Net assets, end of year	<u>\$ 1,063,568</u>	<u>\$ 891,182</u>

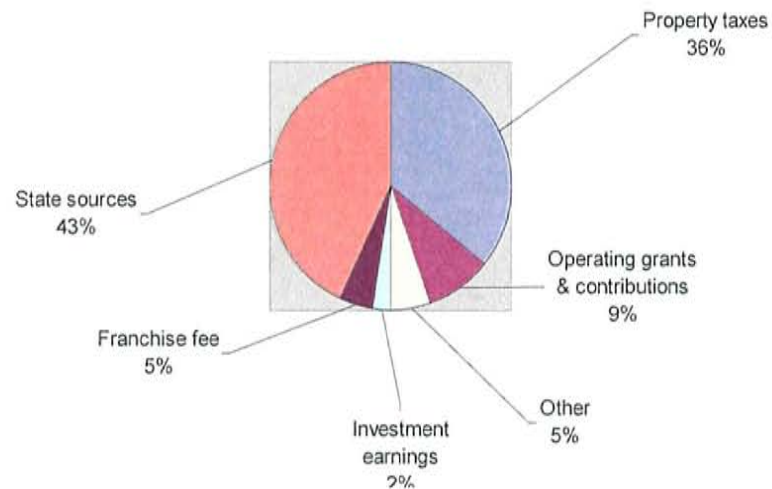
- Property taxes revenue increased by \$16,807 (9 percent) during the year. This is due to new construction.
- Expenses for governmental activities went from \$655,986 to \$413,155, a decrease of \$242,831. The decrease is due to reduced legal expenses.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

### Expenses and Program Revenues - Governmental Activities



### Revenues by Source - Governmental Activities



### Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

***Governmental funds.*** The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's general fund reported ending fund balance of \$413,206, an increase of \$118,817. This total constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

#### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were relatively minor with the exception of public works (\$87,343).

#### **Capital Asset and Debt Administration**

**Capital assets.** The Township's investment in capital assets for its governmental activities as of December 31, 2007, amounts to \$1,083,471 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment and drain usage rights.

Additional information on the Township's capital assets can be found in Note 4 of this report.

**Long-term debt.** At the end of the current fiscal year, the Township had total long-term debt outstanding of \$465,054. The amount of \$296,401 of the Township's debt represents a mortgage payable for the new township hall. The remaining \$168,653 represents Eaton County Drain Assessments.

Additional information on the Township's long-term debt can be found in Note 6 of this report.

#### **Factors Bearing on the Township's Future**

These factors were taken into consideration when preparing the fiscal year 2008 budget.

Oneida Charter Township's goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public. The Township has a conservative and financially prudent budget for the fiscal year 2008 that also promotes and funds numerous project objectives.

The Township has deliberately made conservative estimates concerning state revenue sharing for fiscal year 2008 due to the budget constraints at the State level. It has also estimated investment earnings conservatively anticipating a slow increase in interest rates.

#### **Requests for Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Manager's Office, 11041 Oneida Road, Grand Ledge, MI 48837-0037.

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
BALANCE SHEET/STATEMENT OF NET ASSETS  
GOVERNMENTAL FUND  
DECEMBER 31, 2007**

	Balance sheet general fund modified accrual basis	Adjustments	Statement of net assets
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 150,135	\$ -	\$ 150,135
Investments	206,051	-	206,051
Receivables:			
Taxes - current and delinquent	71,673	-	71,673
Special assessments	4,441	-	4,441
Operating	10,373	-	10,373
External party - fiduciary fund	109,423	-	109,423
Due from other governmental units	42,785	44,472 <sup>(1)</sup>	87,257
<b>TOTAL CURRENT ASSETS</b>	<b>594,881</b>	<b>44,472</b>	<b>639,353</b>
<b>CAPITAL ASSETS, net of accumulated depreciation</b>	<b>-</b>	<b>1,083,471 <sup>(1)</sup></b>	<b>1,083,471</b>
<b>TOTAL ASSETS</b>	<b>\$ 594,881</b>	<b>1,127,943</b>	<b>1,722,824</b>
<b>LIABILITIES AND FUND BALANCE/NET ASSETS</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 5,858	-	5,858
Accrued interest	-	12,527 <sup>(2)</sup>	12,527
Deferred revenue	175,817	-	175,817
Current portion of long-term obligations	-	72,806 <sup>(3)</sup>	72,806
<b>TOTAL CURRENT LIABILITIES</b>	<b>181,675</b>	<b>85,333</b>	<b>267,008</b>
<b>NONCURRENT LIABILITIES</b>			
Noncurrent portion of long-term obligations	-	392,248 <sup>(3)</sup>	392,248
<b>TOTAL LIABILITIES</b>	<b>181,675</b>	<b>477,581</b>	<b>659,256</b>
<b>FUND BALANCE/NET ASSETS:</b>			
Invested in capital assets net of related debt	-	618,417	618,417
Unreserved, undesignated	413,206	31,945	445,151
<b>TOTAL FUND BALANCE/NET ASSETS</b>	<b>413,206</b>	<b>\$ 650,362</b>	<b>\$ 1,063,568</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 594,881</b>		

<sup>(1)</sup> Capital assets used in governmental activities are not financial resources and are not reported under the modified accrual basis of accounting.

<sup>(2)</sup> Long-term debt is not due and payable in the current period and is not reported under the modified accrual basis of accounting.

<sup>(3)</sup> Accounts receivable not collected in the 60 day revenue recognition period are not reported under the modified accrual basis of accounting.

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/  
STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUND  
YEAR ENDED DECEMBER 31, 2007**

	Statement of revenue, expenditures and changes in fund balance general fund modified accrual basis	Adjustments	Statement of activities
<b>REVENUE:</b>			
Taxes	\$ 207,779	\$ -	\$ 207,779
Licenses and permits	25,774	-	25,774
State revenue sharing	250,665	4,102 <sup>(1)</sup>	254,767
Charges for services	26,047	-	26,047
Interest and miscellaneous	71,174	-	71,174
Total revenues	<u>581,439</u>	<u>4,102</u>	<u>585,541</u>
<b>EXPENDITURES:</b>			
Legislative	71,132	-	71,132
General governmental	139,777	24,406 <sup>(1)</sup>	164,183
Public safety	42,279	-	42,279
Community and economic development	24,046	-	24,046
Public works	41,621	9,446 <sup>(1)</sup>	51,067
Other functions	43,880	-	43,880
Debt service:			
Principal repayment	71,161	(71,161) <sup>(2)</sup>	-
Interest expense	26,698	(10,130) <sup>(2)</sup>	16,568
Capital outlay	2,028	(2,028) <sup>(1)</sup>	-
Total expenditures	<u>462,622</u>	<u>(49,467)</u>	<u>413,155</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>118,817</u>	<u>53,569</u>	<u>172,386</u>
<b>FUND BALANCE/NET ASSETS:</b>			
Beginning of year, as restated	294,389	596,793	891,182
End of year	<u>\$ 413,206</u>	<u>\$ 650,362</u>	<u>\$ 1,063,568</u>

<sup>(1)</sup> Governmental funds report capital assets as expenditures in the statement of revenues, expenditures and changes in fund balances. In the statement of activities these expenditures are capitalized and depreciated over their estimated useful lives.

<sup>(2)</sup> Long-term debt is reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental fund. The adjustment represents the change of the year end liability compared to the prior year.

<sup>(3)</sup> Revenues in the statements of activities that do not provide current financial resources are not reported as revenues at the fund level.

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
FIDUCIARY FUND  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
DECEMBER 31, 2007**

	<u>Agency fund</u>
	<u>Tax collection fund</u>
<b>ASSETS</b>	
Cash	<u>\$    1,148,038</u>
<b>LIABILITIES</b>	
Undistributed tax collections:	
Due to general fund	\$        109,423
Due to governmental units	<u>1,038,615</u>
<b>TOTAL LIABILITIES</b>	<u>\$    1,148,038</u>

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Oneida Charter Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Reporting entity**

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the financial statements of the Oneida Charter Township include the accounts of all Township operations. The Township's major operations include planning and zoning, road maintenance, street lighting, cemetery, and general administrative services. The Township has no component units and is not a component unit of another government.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on the primary government.

The Township utilized the financial statement format recommended by the State of Michigan for single fund entities engaged only in governmental activities.

The Township maintains the general fund and an agency fund, but only the general fund is accounted for as a governmental fund.

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement focus, basis of accounting and basis of presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due.

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the government reports the following fund type:

The *agency fund* is utilized to account for the Township's collection of taxes for other governmental units.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.



**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, liabilities and equity**

**1. Cash and investments**

Cash includes amounts in demand deposits. Short-term investments include instruments allowed by state statute subsequently described. Short-term investments are carried at cost or amortized cost.

State statutes authorize the Township to invest in bonds, securities and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

**2. Short-term interfund receivables/payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

**3. Receivables**

Receivables consist primarily of amounts for taxes and customer charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls, which are secured by the underlying property.

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, liabilities and equity (Continued)**

**4. Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure (drain usage rights), are reported in the applicable governmental activity column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of 3 years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building	39
Drain usage rights	50
Office equipment	10-20
Machinery equipment	15
Computer equipment	5

**5. Estimates**

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - LEGAL COMPLIANCE - BUDGETS**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general fund. All appropriations lapse at fiscal year-end.

Encumbrances represent commitments related to unperformed contracts for goods or services. The Township does not utilize encumbrance accounting.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to the first regular Township board meeting in October, the Township supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of a motion.
4. The Township Clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. Budgets for the general fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted or as amended by the Township Board at various times. Individual amendments were not material in relation to the original appropriation. All annual appropriations lapse at fiscal year-end.

Excess of expenditures over appropriations in budgeted funds - During the year, the local governmental unit incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Budget item</u>	<u>Budget appropriation</u>	<u>Actual expenditure</u>	<u>Budget variable</u>
General fund - contracted services	<u>\$ 19,821</u>	<u>\$ 24,785</u>	<u>\$ (4,964)</u>

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - CASH AND INVESTMENTS**

As of December 31, 2007, the Township had no investments as defined by generally accepted accounting principles.

**Custodial credit risk - deposits.** In the case of deposits, this is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2007, \$1,161,308 of the Township's bank balance of \$1,453,153 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The deposits are reported in the financial statements as follows:

Cash and cash equivalents - including fiduciary funds of \$1,148,038	\$ 1,298,173
Certificates of deposit	<u>206,051</u>
	<u>\$ 1,504,224</u>

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - CAPITAL ASSETS**

The capital assets for the year ended December 31, 2007 were as follows:

	Balance December 31, 2006	Additions	Deletions	Balance December 31, 2007
Primary government:				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 75,483	\$ -	\$ -	\$ 75,483
Capital assets, being depreciated:				
Buildings	695,879	-	-	695,879
Machinery and equipment	15,515	-	-	15,515
Office equipment and furniture	60,051	2,028	3,638	58,441
Drain usage rights	472,314	-	-	472,314
Total capital assets, being depreciated	1,243,759	2,028	3,638	1,242,149
Less accumulated depreciation for:				
Buildings	55,737	18,696	-	74,433
Machinery and equipment	4,255	1,034	-	5,289
Office equipment and furniture	15,661	4,676	3,638	16,699
Drain usage rights	128,294	9,446	-	137,740
Total accumulated depreciation	203,947	33,852	3,638	234,161
Total capital assets, being depreciated, net	1,039,812	(31,824)	-	1,007,988
Total	\$ 1,115,295	\$ (31,824)	\$ -	\$ 1,083,471

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 24,406
Public works	9,446
Total depreciation expense - governmental activities	\$ 33,852

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of December 31, 2007 is as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Fiduciary	<u>\$ 109,423</u>

The purpose is to transfer funds from the tax collection fund to the general fund.

**NOTE 6 - LONG TERM DEBT**

Other long-term debt

The government issued installment notes to provide funds for the construction of a new township hall. The original amount issued in prior years was \$500,000. Installment notes outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest rate</u>	<u>Amount</u>
Governmental activities	3.39%	<u>\$ 296,401</u>

The government is assessed for drains at large by Eaton County. The assessment covers the Township's share of installation and usage rights for the drains. General assessments outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest rate</u>	<u>Amount</u>
Governmental activities	5.28%-6.00%	<u>\$ 168,653</u>

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - LONG TERM DEBT (Concluded)**

The annual requirements to amortize all debt outstanding are as follows:

Year ended December 31	Installment notes		General assessment	
	Principal	Interest	Principal	Interest
2008	\$ 49,741	\$ 9,630	\$ 23,065	\$ 10,007
2009	51,442	7,929	23,065	8,632
2010	53,201	6,171	23,065	7,256
2011	55,019	4,352	23,065	5,881
2012	56,900	2,471	23,065	4,506
2013-2017	30,098	510	49,728	5,836
2018-2020			3,600	380
	<u>\$ 296,401</u>	<u>\$ 31,063</u>	<u>\$ 168,653</u>	<u>\$ 42,498</u>

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2007 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Government activities:					
Installment note payable	\$ 344,498	\$ -	\$ 48,097	\$ 296,401	\$ 49,741
Eaton County Drain assessments	191,718	-	23,065	168,653	23,065
	<u>\$ 536,216</u>	<u>\$ -</u>	<u>\$ 71,162</u>	<u>\$ 465,054</u>	<u>\$ 72,806</u>

**NOTE 7 - PROPERTY TAXES**

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due without penalty prior to February 14. The Township bills and collects its own property taxes and also the taxes for the county, intermediate school district, community college and school districts. School district taxes are also collected and remitted to schools in July, August and September. Any taxes uncollected at September 14 are added to the winter tax roll. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year following the December 1 levy date. Property taxes levied for the ensuing year's revenue are included in taxes receivable and deferred revenue. Property tax receivables related to delinquent taxes are also deferred unless collected within 60 days of year-end.

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PROPERTY TAXES (Concluded)**

The Township is permitted by state statute to levy taxes up to \$1.00 per \$1,000 of assessed valuation for general government services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. The Township levied \$.9004 per \$1,000 of assessed valuation for general government services.

**NOTE 8 - PENSION PLAN**

Money Purchase Retirement Plan

Oneida Charter Township has a Money Purchase Retirement Plan, which was established on January 1, 2006. This defined contribution plan covers all full time employees and elected officials. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus results of investments transactions. The Plan assets are invested by Manufacturers Life Insurance Company who is the trustee of the Plan. The Township acts as a public plan sponsor for the retirement plan. Vesting occurs at 100% immediately. The Township contributes 10% of the employees' base annual compensation, based on the contribution provisions set up in the plan and trust agreement. The Township's total eligible payroll was approximately \$150,000. The Township made the required contributions of approximately \$15,000 plus prior service costs of approximately \$5,000.

**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township carries commercial insurance to cover any losses that may result from the activities described above. No settlements have incurred in excess of coverage for the year ended December 31, 2007 or any of the prior three years.

**NOTE 10 – RESTATEMENT OF NET ASSETS**

Beginning net assets have been increased by \$40,370 to reflect the receipt of the final 2006 state revenue sharing payment in March of 2007.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2007**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES:</b>				
Taxes:				
Current property tax - general	\$ 124,778	\$ 138,553	\$ 130,654	\$ (7,899)
P.A. 425 taxes	24,000	22,435	22,435	-
Penalties and interest	3,200	4,846	4,846	-
Property tax administration fees	52,000	49,844	49,844	-
Total taxes	<u>203,978</u>	<u>215,678</u>	<u>207,779</u>	<u>(7,899)</u>
Licenses and permits	<u>45,000</u>	<u>25,774</u>	<u>25,774</u>	<u>-</u>
State revenue sharing	<u>261,289</u>	<u>250,950</u>	<u>250,665</u>	<u>(285)</u>
Charges for services	<u>32,000</u>	<u>24,573</u>	<u>26,047</u>	<u>1,474</u>
Interest and miscellaneous:				
Interest:				
Interest income	12,000	12,749	13,017	268
Miscellaneous:				
Reimbursements	12,000	21,490	21,490	-
Special assessments	12,000	9,028	10,363	1,335
Cable franchise fees	22,000	30,739	26,304	(4,435)
Incoming transfers and other sources	10,000	-	-	-
Total interest and miscellaneous	<u>68,000</u>	<u>74,006</u>	<u>71,174</u>	<u>(2,832)</u>
<b>TOTAL REVENUES</b>	<u>610,267</u>	<u>590,981</u>	<u>581,439</u>	<u>(9,542)</u>

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2007**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>EXPENDITURES:</b>				
Legislative:				
Township board:				
Salaries	\$ 8,700	\$ 8,700	\$ 8,700	\$ -
Office supplies	3,500	1,894	1,894	-
Audit services	9,000	9,000	9,000	-
Legal services	35,000	21,622	16,531	5,091
Other professional services	10,000	13,331	13,331	-
Dues and membership	2,800	2,887	2,887	-
Printing and publishing	4,000	2,640	2,640	-
Other	15,000	16,149	16,149	-
Total legislative	88,000	76,223	71,132	5,091
General government:				
Township supervisor:				
Salaries	20,000	20,000	20,000	-
Total township supervisor	20,000	20,000	20,000	-
Elections:				
Salaries	1,000	3,115	3,115	-
Office supplies	-	1,464	1,464	-
Printing and publishing	1,000	696	696	-
Other	500	92	92	-
Total elections	2,500	5,367	5,367	-
Assessor:				
Salaries	22,000	22,100	22,100	-
Other	200	161	161	-
Total assessor	22,200	22,261	22,261	-

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2007**

	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance with final budget positive (negative)</b>
<b>EXPENDITURES (Continued):</b>				
<b>General government (Concluded):</b>				
Clerk:				
Salaries	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Deputy salaries	200	-	-	-
Other	200	215	215	-
Total clerk	25,400	25,215	25,215	-
Board of review:				
Salaries	1,050	963	963	-
Printing and publishing	150	167	167	-
Total board of review	1,200	1,130	1,130	-
Treasurer:				
Salaries	25,000	25,000	25,000	-
Deputy salaries	200	-	-	-
Other	100	-	-	-
Total treasurer	25,300	25,000	25,000	-
Hall and grounds:				
Utilities	12,000	9,862	9,862	-
Repairs and maintenance	1,000	1,182	1,182	-
Other	-	2,554	2,554	-
Total hall and grounds	13,000	13,598	13,598	-
Watershed Council	6,000	5,040	5,040	-
Cemetery:				
Salaries	2,300	3,320	3,320	-
Deputy salaries	6,700	8,612	8,612	-
Contract services	2,000	1,000	1,000	-
Supplies	1,500	1,317	1,317	-
Repairs and maintenance	4,000	-	-	-
Other	-	7,917	7,917	-
Total cemetery	16,500	22,166	22,166	-
Total general government	132,100	139,777	139,777	-

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2007**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>EXPENDITURES (Continued):</b>				
Public safety:				
Building inspections:				
Salaries	\$ 21,000	\$ 22,755	\$ 22,755	\$ -
MEP inspections	25,000	18,260	18,260	-
Printing and publishing	500	-	-	-
Other	200	1,264	1,264	-
Total building inspections	<u>46,700</u>	<u>42,279</u>	<u>42,279</u>	<u>-</u>
Community and economic development:				
Zoning board:				
Salaries	21,000	22,755	22,755	-
Board salaries	1,000	1,005	1,005	-
Printing and publishing	600	151	151	-
Other	300	135	135	-
Total zoning board	<u>22,900</u>	<u>24,046</u>	<u>24,046</u>	<u>-</u>
Public works:				
Highways and streets:				
Contracted services	111,000	19,821	24,785	(4,964)
Public utilities:				
Utilities	13,000	16,836	16,836	-
Total public works	<u>124,000</u>	<u>36,657</u>	<u>41,621</u>	<u>(4,964)</u>
Other functions:				
Medicare and social security	11,000	12,256	12,256	-
Insurance and bonds	13,000	9,972	9,972	-
Employer's share of retirement	20,000	20,349	20,349	-
Workers compensation insurance	2,100	1,250	1,250	-
Bank service charges	-	33	33	-
Other	1,000	20	20	-
Outgoing transfers and other uses	-	13,070	-	13,070
Total other functions	<u>47,100</u>	<u>56,950</u>	<u>43,880</u>	<u>13,070</u>

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2007**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>EXPENDITURES (Concluded):</b>				
Debt service:				
Drains at large principal	\$ 43,138	\$ 23,064	\$ 23,064	\$ -
Mortgage principal	<u>48,097</u>	<u>48,097</u>	<u>48,097</u>	<u>-</u>
Total principal	<u>91,235</u>	<u>71,161</u>	<u>71,161</u>	<u>-</u>
Drains at large interest	-	15,424	15,424	-
Mortgage interest	<u>11,274</u>	<u>11,274</u>	<u>11,274</u>	<u>-</u>
Total interest	<u>11,274</u>	<u>26,698</u>	<u>26,698</u>	<u>-</u>
Total debt service	<u>102,509</u>	<u>97,859</u>	<u>97,859</u>	<u>-</u>
Capital outlay:				
Township Board	1,000	2,028	2,028	-
Hall and grounds	8,000	-	-	-
Cemetery	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital outlay	<u>9,500</u>	<u>2,028</u>	<u>2,028</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>572,809</u>	<u>475,819</u>	<u>462,622</u>	<u>13,197</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 37,458</u>	<u>\$ 115,162</u>	<u>118,817</u>	<u>\$ 3,655</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>294,389</u>	
End of year			<u>\$ 413,206</u>	

## **ADDITIONAL INFORMATION**

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
GENERAL FUND  
BALANCE SHEETS  
DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 150,135	\$ 10,887
Investments	206,051	228,394
Receivables:		
Taxes - current and delinquent	71,673	73,589
Special assessments	4,441	3,866
Operating	10,373	14,807
Due from fiduciary fund	109,423	95,139
Due from other governmental units	<u>42,785</u>	<u>43,070</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 594,881</u></u>	<u><u>\$ 469,752</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 5,858	\$ 5,986
Deferred revenue	<u>175,817</u>	<u>169,377</u>
<b>TOTAL LIABILITIES</b>	181,675	175,363
<b>FUND BALANCE:</b>		
Unreserved, undesignated	<u>413,206</u>	<u>294,389</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 594,881</u></u>	<u><u>\$ 469,752</u></u>



**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON MICHIGAN  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>REVENUE:</b>		
Taxes	\$ 207,779	\$ 190,972
Licenses and permits	25,774	15,204
State revenue sharing	250,665	253,833
Charges for services	26,047	28,282
Interest and miscellaneous	<u>71,174</u>	<u>65,459</u>
Total revenues	<u>581,439</u>	<u>553,750</u>
<b>EXPENDITURES:</b>		
Legislative	71,132	294,043
General government	139,777	127,826
Public safety	42,279	37,499
Community and economic development	24,046	22,486
Public works	41,621	69,282
Other functions	43,880	46,025
Debt service:		
Principal repayment	71,161	75,237
Interest expense	26,698	24,673
Capital outlay	<u>2,028</u>	<u>4,590</u>
Total expenditures	462,622	701,661
Net change in fund balance	118,817	(147,911)
<b>FUND BALANCE, beginning of year</b>	<u>294,389</u>	<u>442,300</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ 413,206</u></u>	<u><u>\$ 294,389</u></u>

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
SCHEDULE OF INSTALLMENT NOTE PAYABLE  
YEAR ENDED DECEMBER 31, 2007**

<u>Year</u>	<u>Building note</u>
2008	\$ 59,372
2009	59,372
2010	59,372
2011	59,372
2012	59,372
2013	<u>30,604</u>
	327,464
Less interest	<u>31,063</u>
	<u><u>\$ 296,401</u></u>

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
SCHEDULE OF GENERAL ASSESSMENT PAYABLE  
DECEMBER 31, 2007**

<u>Year</u>	<u>Whitney</u>	<u>Waldo &amp; Branches</u>	<u>Total</u>
2008	\$ 2,024	\$ 31,047	\$ 33,071
2009	1,960	29,736	31,696
2010	1,897	28,424	30,321
2011	1,834	27,112	28,946
2012	1,770	25,800	27,570
2013	1,707	24,488	26,195
2014	1,644	23,180	24,824
2015	1,580	-	1,580
2016	1,517	-	1,517
2017	1,453	-	1,453
2018	1,390	-	1,390
2019	1,326	-	1,326
2020	1,262	-	1,262
	<u>21,364</u>	<u>189,787</u>	<u>211,151</u>
Less interest	<u>5,766</u>	<u>36,732</u>	<u>42,498</u>
	<u>\$ 15,598</u>	<u>\$ 153,055</u>	<u>\$ 168,653</u>

Note: Drains at large consists of drains installed by Eaton County Drain Commission in which the State of Michigan, homeowner, Oneida Township, and the Eaton County Drain Commission share the cost of installment. Oneida Township is assessed yearly for their share of the cost plus interest on the outstanding balance. Interest rates charged to the different projects range from 5.28% to 6.00%.

**ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
DECEMBER 31, 2007**

**TAX COLLECTION FUND**

	<b>Balance January 1, 2007</b>	<b>Additions</b>	<b>Adjustments and payments</b>	<b>Balance December 31, 2007</b>
<b>ASSETS</b>				
Cash	<u>\$ 1,721,254</u>	<u>\$ 4,466,277</u>	<u>\$ 5,039,493</u>	<u>\$ 1,148,038</u>
<b>LIABILITIES</b>				
Due to county	\$ 400,496	\$ 1,969,696	\$ 2,221,732	\$ 148,460
Due to schools	931,300	1,812,342	2,055,268	688,374
Due to State of Michigan	19,467	1,202	11,402	9,267
Due to libraries	77,369	130,723	155,763	52,329
Due to others	-	8,179	8,179	-
Due to GLAESA	197,483	341,457	398,755	140,185
Due to general fund	<u>95,139</u>	<u>202,678</u>	<u>188,394</u>	<u>109,423</u>
	<u>\$ 1,721,254</u>	<u>\$ 4,466,277</u>	<u>\$ 5,039,493</u>	<u>\$ 1,148,038</u>

ONEIDA CHARTER TOWNSHIP  
COUNTY OF EATON, MICHIGAN  
AGENCY FUND  
CURRENT TAX COLLECTION FUND  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED DECEMBER 31, 2007

Balance, January 1, 2007	\$ 1,721,254
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Receipts:

Current taxes and assessments	\$ 4,390,057	
Delinquent taxes	6,568	
Administration fees	49,844	
Dog licenses	2,825	
Interest and penalties	8,804	
Overpaid taxes	8,179	

Total receipts	4,466,277
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Disbursements:

Eaton County	2,221,732	
Grand Ledge Schools	954,153	
Charlotte Schools	28,569	
Strange School	73,787	
Portland Schools	435	
Pottersville Schools	269	
Lansing Community College	477,652	
Eaton Intermediate Schools	520,139	
Ionia Intermediate Schools	264	
General fund	188,394	
Grand Ledge Library	155,763	
Refund taxes	8,179	
Grand Ledge Area Emergency Services Authority	398,755	
State of Michigan	11,402	

Total disbursements	5,039,493
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Balance, December 31, 2007	\$ 1,148,038
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Lamonte T. Lator  
Bruce J. Dunn  
Jeffrey C. Stevens  
Linda I. Schirmer  
Steven W. Scott  
David M. Raeck  
Robert E. Miller, Jr.  
Steven B. Robbins  
James E. Nyquist  
James R. Dedyne

Timothy H. Adams  
David B. Caldwell  
Edward L. Williams, III  
Timothy J. Orians  
Dennis D. Theis  
James A. McNeeley  

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Walter P. Maner, Jr. (1921-2004)  
Floyd L. Costerisan  
Leon A. Ellis (1933-1988)

June 5, 2008

To the Board of Trustees  
Oneida Charter Township

In planning and performing our audit of the financial statements of Oneida Charter Township as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Oneida Charter Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

**Financial Statements**

Currently, the Township's staff prepares the interim and annual financial statements. The annual financial statements for the year ended December 31, 2007, required relatively few audit adjustments, most of which the staff were aware needed to be recorded. Effective for the year ended December 31, 2006, Statement on Auditing Standards #112 titled *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2006), requires us to communicate in writing when a client requires assistance to prepare the footnotes required in the annual audit report in accordance with accounting principles generally accepted in the United States of America. The staff of the Township does understand all information included in the annual financial statements; however, we assist in preparing the footnotes to the annual financial statements. We do not recommend any changes to this situation at this time and communicate this as required by professional standards.

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated June 05, 2008 on the financial statements of Oneida Charter Township. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows.

**Budget Compliance:**

We observed the budgeted expenditures exceeded the actual amount by \$4,964 in the general fund public works. This is due to the Township maintaining the books on the cash basis, while the financial statements present the modified accrual basis of accounting, which includes audit adjustments. Although the amount is relatively small and we believe the Township's budgeting policies and procedures are operating in proper manner, the Township should monitor the budget variances and continue to amend the budget when necessary to comply with the uniform budgeting act. Please keep in mind that budget adjustments should be made before expenditures are actually made.

**Tax Fund**

Although there are controls in place to protect the assets of the Township, we noted that internal control can be strengthened by implementing dual signatures on all Tax Fund checks. In addition, we understand the Township Clerk maintains numerical sequence of checks by obtaining copies of checks. We recommend that in addition to the check copies being forwarded to the Clerk, copies of the tax support workpapers be reviewed and maintained by the Clerk. These suggestions are designed to enhance the internal controls already in place by the Township.

**Expense Reimbursement**

During the audit, we noted that the Clerk authorized his own expense reimbursement and signed the check. Even though there was adequate supporting documentation to support the reimbursement checks and the checks had dual signatures, we recommend that another authorized Board member approve the expense reimbursement by reviewing and signing the reimbursement request. Adopting this policy will significantly strengthen internal control over cash disbursements.

We will review the status of these comments during our next audit engagement. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations.



This report is intended solely for the information and use of Oneida Charter Township, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

*Mamay, Costeusan & Ellis, P.C.*



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June 5, 2008

To the Board of Trustees  
Oneida Charter Township

We have audited the financial statements of Oneida Charter Township for the year ended December 31, 2007, and have issued our report thereon dated June 05, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards

As stated in our engagement letter dated April 1, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Auditing

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on March 14, 2008.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Oneida Charter Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007. We noted no transactions entered into by Oneida Charter Township during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements were estimated fixed asset lives for depreciation.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 05, 2008.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Trustees and management of Oneida Charter Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Mammy Costeniser, E. Ellis, P.C.*

June 05, 2008